

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 West North Temple - Suite 1210  
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SMALL MINING OPERATIONS 2008 PROGRESS REPORT  
January 1, 2008 to December 31, 2008

The information required in this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, and the rules as under the Utah Minerals Regulatory Program.

1. Mine Permit Number: S2/700/24
2. Mine Name: Little Spot
3. Name of Operator/Permittee: Penney's Gemstones LLC

Note: If Operator's address, company representative or phone number have changed, please provide a replacement page to the Notice of Intention.

4. Mine Location: No Change from file
5. Report the gross amount of ore mined and waste moved, as well as the current disposition of the material (sold, stockpiled, regraded, etc.):

Gross Ore reprocessed 250 Tons  
Waste Material Moved( for reclamation) 10,000 Tons  
New Disturbance 0 Acres during 2008  
Area Reclaimed 1 acres during 2008  
Total Disturbed Area 4 Acres\*

\*Total life of mine disturbance to the end of 2008.

Was the ore shipped off site? If not, where is the ore located? yes

Where is the waste located? reclaimed

6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release).  
Backfilling and recontouring certain areas, BLM aerial seeding because of Fire reclamation project

I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief.

Name (Typed or Print): David L. Penney  
Title of Operator: owner/operator/registered agent  
Signature of Operator: David Penney  
Date: December 29, 2008

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Tom

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DIV. OF OIL, GAS & MINING

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